

Highlights of [GAO-06-7](#), a report to congressional committees

October 2005

## ECONOMIC DEVELOPMENT ADMINISTRATION

### Remediation Activities Account for a Small Percentage of Total Brownfield Grant Funding

#### Why GAO Did This Study

The Economic Development Administration (EDA) Reauthorization Act of 2004 (P. L. 108-373) included a requirement that GAO evaluate grants made by EDA for the economic development of brownfield sites. More than 450,000 brownfield sites—properties where redevelopment or reuse may be complicated by real or perceived environmental contamination—are scattered across the United States.

This report discusses specifics of grants made by EDA at brownfields sites, including (1) the types, extent, and amount of EDA funds used for remediation activities; (2) the environmental standards and agencies involved; and (3) the economic development activities, standards, and impact.

#### What GAO Recommends

GAO recommends that the Secretary of Commerce (1) require all EDA regional offices to use special conditions concerning the remediation of hazardous substances and (2) ensure that EDA staff verify the estimated jobs and private-sector investment for proposed projects.

In commenting on a draft of this report, the Department of Commerce agreed with the report's findings and provided technical comments on the recommendations which are discussed at the end of the report.

[www.gao.gov/cgi-bin/getrpt?GAO-06-7](http://www.gao.gov/cgi-bin/getrpt?GAO-06-7).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William B. Shear at (202) 512-8678 or [shearw@gao.gov](mailto:shearw@gao.gov).

#### What GAO Found

Remediation activities conducted at EDA-funded brownfield sites appeared to be incidental to the purpose of the overall project and most often consisted of the removal and disposal of asbestos containing materials, underground storage tanks, or lead-based paint. We estimate that remediation activities were conducted at 54 percent of EDA-funded brownfield sites from fiscal year 1998 through 2004. Overall, we estimate that EDA used \$4.8 million or about 1.4 percent of its grant funds to pay for remediation activities at 28 percent of the brownfield sites during this period. Grantees, former property owners, or other agencies generally were responsible for most environmental remediation costs at these sites.

EDA regional environmental officers prepare environmental assessments to document a project's compliance with federal environmental requirements. In three of six EDA regional offices, we noted that the regional environmental officer routinely recommended various types of special conditions be added to grant awards concerning the remediation of hazardous substances that provide more specific assurance on a project's compliance with environmental standards. EDA requires grant recipients to certify that contractors will comply with applicable environmental requirements and works with federal, state, and local environmental agencies to ensure compliance.

EDA grants to brownfield sites most often funded infrastructure improvements, such as upgrades to water and sewer lines, construction of streets and curbs, or installation of signage and lighting. EDA evaluates proposed projects competitively based on standard guidelines that emphasize increased numbers of relatively high-skill, high-wage jobs or private sector investment; strong leadership and project management experience; and matching funds from local governments or nonprofits. Data were not available on the reported economic development impact for most of the grants that GAO reviewed. Where data were available, the reported economic development data varied significantly when compared with initial project estimates for some grants. In some instances, permanent jobs or private sector investment estimates for proposed projects did not appear to be verified.

#### Before and after Photographs of EDA-Funded Business Incubator (Philadelphia, PA)



Sources: EDA (left photo); GAO (right photo).